

## **CHAPTER M04**

### **MODIFIED ADJUSTED GROSS INCOME (MAGI)**

**M04 Changes****Page 1 of 2**

<b>Changed With</b>	<b>Effective Date</b>	<b>Pages Changed</b>
TN #DMAS-18	1/1/21	Pages 7, 16a, 18, 19 Page 16 b was added. Page 18a was added as a runover page.
TN #DMAS-17	7/1/20	Pages 15, 16, 16a, 19 Appendices 3, 5, and 8
TN #DMAS-16	4/1/20	Pages 16a, 20 Appendix 1, pages 1-2 Appendix 2, pages 1-2 Appendices 6 and 7
TN #DMAS-15	1/22/19	Pages 16, 16a, 19
TN #DMAS-14	10/1/19	Pages 1, 3, 4, 5, 14, 16, 32, 33 Appendix 8
TN #DMAS-13	7/1/19	Pages 32-34, 36 Appendices 3 and 5
TN #DMAS-12	4/1/19	Pages 2, 3, 5-8, 15-16, 19, 32-37 Page 16a was added as a runover page. Page 37 was removed. Appendices 1, 2, 6, 7, 8
TN #DMAS-11	1/1/19	Pages 8, 15, 32-35 Pages 36 and 37 were added.
TN #DMAS-10	10/1/18	Table of Contents Pages 1-5, 9, 10, 15, 16, 19, 22, 23, 30-32 Appendix 7 Appendix 8 was renumbered. Pages 6-8, 11-14, 17, 18, 20, 21, 24-29, 33-35 are runover pages.

# M04 Changes

## Page 2 of 2

Changed With	Effective Date	Pages Changed
TN #DMAS-9	7/1/18	Table of Contents. Pages 5, 6, 11, 14a, 25-27 Appendices 3 and 5 Page 6a is a runover page. Page 28 was added as a runover page.
TN #DMAS-8	4/1/18	Table of Contents Pages 2-6a, 12-14b, 25 Pages 26 and 27 were added. Pages 14c was added as a runover pages. Appendices 1, 2, 6 and 7 Appendix 1, page 2 was added.
TN #DMAS-6	10/1/17	Pages 12, 13, 14b
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TN #DMAS-4	4/1/17	Appendices 1, 2 and 6
TN #DMAS-3	1/1/17	Table of Contents Pages 3 -5, 13a, 20 Appendix 6, page 1 Page 20a was added.
TN #DMAS-2	10/1/16	Appendix 2, pages 1, 2 Appendices 3, 5
TN #DMAS-1	6/1/16	Pages 3, 5, 6, 12, 13, 14a Appendices 1, 2, 6 and 7 Appendix 2, page 2 was added. Page 13a is a runover page.
UP #11	7/1/15	Appendices 3 and 5
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TN #99	1/1/14	Pages 2, 5, 6, 8, 14, 15 Appendix 6

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>TOC</b>	Page <b>i</b>

## TABLE OF CONTENTS

### **M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)**

	Section	Page
<b>MAGI General Information .....</b>	<b>M0410.100 .....</b>	<b>1</b>
<b>Definitions .....</b>	<b>M0420.100 .....</b>	<b>4</b>
<b>MAGI Household Composition.....</b>	<b>M0430.100 .....</b>	<b>6</b>
<b>Tax Filer Household Examples .....</b>	<b>M0430.200 .....</b>	<b>8</b>
<b>Non Tax Filer Household Examples .....</b>	<b>M0430.300 .....</b>	<b>10</b>
<b>Tax Filer and Non Tax Filer Household Examples.....</b>	<b>M0430.400 .....</b>	<b>11</b>
<b>Household Income .....</b>	<b>M0440.100 .....</b>	<b>14</b>
<b>Steps for Determining MAGI Eligibility .....</b>	<b>M0450.100 .....</b>	<b>20</b>
<b>Examples – Tax Filer Households .....</b>	<b>M0450.200 .....</b>	<b>22</b>
<b>Examples – Non Tax Filer Households .....</b>	<b>M0450.300 .....</b>	<b>27</b>
<b>Gap-Filling Rule Evaluation .....</b>	<b>M0450.400 .....</b>	<b>32</b>

### Appendices

<b>5% FPL Disregard .....</b>	<b>Appendix 1.....</b>	<b>1</b>
<b>Gap-Filling Rule Evaluation 100% FPL Income Limits .....</b>	<b>Appendix 1.....</b>	<b>2</b>
<b>Child Under Age 19 and Pregnant Women Income Limits .....</b>	<b>Appendix 2.....</b>	<b>1</b>
<b>LIFC Income Limits.....</b>	<b>Appendix 3.....</b>	<b>1</b>
<b>Grouping of Localities .....</b>	<b>Appendix 4.....</b>	<b>1</b>
<b>Individuals Under Age 21 Income Limits .....</b>	<b>Appendix 5.....</b>	<b>1</b>
<b>Plan First Income Limits .....</b>	<b>Appendix 6.....</b>	<b>1</b>
<b><i>MAGI Adults Income Limits .....</i></b>	<b><i>Appendix 7.....</i></b>	<b><i>1</i></b>
<b>Treatment of Income For Families &amp; Children Covered Groups ..</b>	<b><i>Appendix 8.....</i></b>	<b><i>1</i></b>

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0410.100</b>	Page <b>1</b>

## **M0410.000 MODIFIED ADJUSTED GROSS INCOME (MAGI)**

### **M0410.100 MAGI GENERAL INFORMATION**

#### **A. Introduction**

Beginning October 1, 2013, determinations of eligibility for most families and children (F&C) Medicaid covered groups and the Family Access to Medical Insurance Security Plan (FAMIS) will be done using the Modified Adjusted Gross Income (MAGI) methodology.

Effective January 1, 2019, determination of eligibility for adults age 19-64 without Medicare will be evaluated using MAGI income methodology. These newly eligible individuals are referred to as MAGI Adults.

MAGI methodology will also be used to determine eligibility for participation in the Federal Health Insurance Marketplace. Medicaid, FAMIS and the Federal Health Insurance Marketplace (HIM) are called insurance affordability programs. Medicaid and FAMIS are collectively referred to as medical assistance (MA) programs.

*For all case actions effective October 26, 2019, verification of earned and unearned income will be evaluated using attested income and reasonable compatibility rules. Whenever possible, income reported on the application will be verified through electronic data sources.*

The goal of using MAGI methodology for all insurance affordability programs is to align financial eligibility rules, provide a seamless and coordinated system of eligibility and enrollment, and maintain the eligibility of low-income populations, especially children.

#### **B. Legal Base**

The Patient Protection and Affordable Care Act of 2010 (Pub. L. No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152) (collectively referred to as the Affordable Care Act [ACA]) is the legal base for the changes required to be made in the Medicaid and CHIP (FAMIS) eligibility determinations. The 2018 Appropriations Act provided funding for New Health Coverage Options for Virginia Adults. Effective January 1, 2019, determination of eligibility for adults between the ages of 19-64 without Medicare will be evaluated using MAGI income methodology. Adults eligible under the expansion of coverage will be referred to as Modified Adjusted Gross Income (MAGI) Adults. Individuals in the MAGI Adults covered group are not subject to a resource test unless the individual requests Medicaid payment for LTC/LTSS. The resource and home equity requirements for MAGI Adults are contained in M1460.

MAGI and household income are defined in section 36B(d)(2)(A) and (B) of the Internal Revenue Service Code (IRC). The MAGI-based methodology under the Medicaid statute includes certain unique income counting and household (HH) composition rules reflected in the Centers for Medicare and Medicaid Services (CMS) regulations at 42 CFR 435.603 and discussed in section III.B. of the preamble to the eligibility final rule published in the Federal Register on March 23, 2012.

#### **C. Policy Principles**

##### **1. What is MAGI?**

MAGI:

- is a methodology for how income is counted and how household composition and family size are determined,
- is based on federal tax rules for determining adjusted gross income (with some modification), and

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0410.100</b>	Page <b>2</b>

- has no resource test (Exception: MAGI Adults requesting coverage of Long Term Care services are subject to certain asset/resource requirements)
- 2. MAGI Rules**
- MAGI has an income disregard equal to 5% of the federal poverty level (FPL) for the Medicaid or FAMIS individual's household size. The disregard is only given if the individual is not eligible for coverage due to excess income. It is applicable to individuals in both full-benefit and limited-benefit covered groups.
  - If the individual meets multiple Medicaid covered groups (and/or FAMIS) his gross income is compared first to the income limit of the group with the highest income limit under which the individual could be eligible.
  - If the income exceeds the limit, the 5% FPL disregard can be allowed, and the income again is compared to the income limit.
  - When considering tax dependents in the tax filer's household, the tax dependent may not necessarily live in the tax filer's home.
  - Under MAGI counting rules, an individual may be counted in more than one household but is only evaluated for eligibility in his household.
  - Use non-filer rules when the household does not file taxes.
  - Use non-filer rules when the applicant is claimed as a tax dependent by someone outside the applicant's household.
  - Non-filer rules may be used in multi-generational household.
- 3. Eligibility Based on MAGI**
- MAGI methodology is used for eligibility determinations for insurance affordability programs including Medicaid, FAMIS, the Advance Premium Tax Credit (APTC) and cost sharing reductions through the Health Insurance Marketplace for the following individuals:
- a. Children under 19
  - b. Parent/caretaker relatives of children under the age of 18 - Low Income Families With Children (LIFC)
  - c. Pregnant women
  - d. Individuals Under Age 21
  - e. Adults between the ages of 19 and 64 not eligible or enrolled in Medicare (effective January 1, 2019)
  - f. Individuals in Plan First.
- 4. Eligibility NOT Based on MAGI**
- MAGI methodology is NOT used for eligibility determinations for:
- a. individuals for whom the eligibility worker is not required to make an income determination:

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0410.100</b>	Page <b>3</b>

- Supplemental Security Income (SSI) recipients.
- IV-E foster care or adoption assistance recipients
- Deemed newborns
- BCCPTA (Breast and Cervical Cancer Prevention and Treatment Act) enrollees
- Auxiliary Grants.

b. individuals who are eligible on the basis of being aged (age 65 or older), blind or disabled;

- individuals eligible for or enrolled in Medicare;
- individuals evaluated as Medically Needy (MN);

**5. Special Medical Needs Adoption Assistance Children**

A Special Medical Needs Adoption Assistance (AA) child is subject to MAGI methodology for the child's initial Medicaid eligibility determination. These children are in their own household apart from parents and siblings. Parents' and siblings' income is not counted for these children.

**6. MAGI Adults**

**a. MAGI methodology is used to determine eligibility for the following individuals with income at or below 138% (133% + 5% disregard) of the Federal Poverty Limit:**

- Parents and caretaker- relatives with excess income for LIFC
- Disabled individuals not eligible for or entitled to Medicare or individuals alleging disability who have not been determined disabled
- Childless adults ages 19-64
- Incarcerated individuals ages 19-64. *Incarcerated individuals are eligible for inpatient hospital services only; no LTSS services are covered.*
- Non-citizens eligible for emergency services only
- Individuals eligible for Long Term Care Services and Support (LTSS) ages 19-64  
Note: See Chapter M14 for LTSS screening requirements.

**b. The following individuals are not eligible under the MAGI ADULTS group:**

- Individuals pregnant at initial application or redetermination of eligibility
- Individuals under the age of 19 or 65 and over
- Individuals eligible for or enrolled in Medicare Part A or B

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0420.100</b>	Page <b>4</b>

- Individuals eligible in the following covered groups:
  - LIFC (parents and caretaker-relatives)
  - Pregnant Women
  - Adoption Assistance and Foster Care Children
  - Former Foster Care Children Under Age 26
  - BCCPTA
- Supplemental Security Income (SSI) recipients and protected individuals.

**7. Children in Level C Psychiatric Residential Treatment Facilities (PRTFs)**

Children placed in Level C PRTFs are considered absent from their home if their stay in the facility has been 30 consecutive days or more. A child who is placed in a Level C PRTF is considered NOT living with his parents for MAGI purposes as of the first day of the month in which the 30<sup>th</sup> day of psychiatric residential placement occurs. Long-term care rules do not apply. See M0520.100 B.3.

## **M0420.100 Definitions**

### **A. Introduction**

The definitions below are used in this chapter. Some of the definitions are also in subchapter M0310. Some of the definitions are from the IRC.

### **B. Definitions**

**1. Advance Premium Tax Credit (APTC)**

is a tax credit that an individual or family with taxable income of at least 100% FPL but no more than 400% FPL can take in advance to lower their monthly health insurance premium. Eligibility for the APTC is determined by the federal HIM using MAGI rules for tax-filer households. Projected annual household income, rather than monthly income, is evaluated.

**2. Attested Income**

*means the agency must review income information attested by the applicant and utilize online systems information verifications that are available to the agency without requiring verifications from the individual or family. The agency has ready access to Supplemental Nutrition Assistance Program (SNAP) and TANF records, some wage and payment information, information from SSA through SVES or SOLQ-I and other verified income in the eligibility record or system. Verification of income from available sources, including the VEC, may be used if it is dated within the previous 12 months.*

**3. Caretaker Relative**

means a non-parent relative of a “dependent” child by blood, adoption, or marriage with whom the child lives, who assumes primary responsibility for the child’s care. When a parent is in the home, no adult relative other than a stepparent can be eligible for Medicaid in the LIFC covered group.

**4. Child**

means a natural, biological, adopted, or stepchild.

**5. Childless Adult**

a childless adult is someone who does not meet the definition of an LIFC parent or caretaker-relative.

**6. Coverage Gap and Gap-filling Rule**

occurs when the difference in eligibility rules between the APTC and Medicaid/FAMIS creates a situation in which an applicant may appear to be financially ineligible for both the APTC (household income is too low) and Medicaid or FAMIS (household income is too high). The gap-filling rule is applied in such cases to help mitigate the coverage gap.



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0420.100</b>	Page <b>5</b>

- 7. Dependent Child** means a child under age 18, or age 18 and a full-time student in a secondary school is expected to graduate prior to his 19<sup>th</sup> birthday, and who lives with his parent or caretaker-relative.
- 8. Family** means the tax filer (including married tax filers filing jointly) and all claimed tax dependents.
- 9. Family Size** means the number of persons counted as an individual's household. The family size of a pregnant woman's household includes the pregnant woman plus the number of children she is expected to deliver. When determining the family size of other individuals who have a pregnant woman in their household, the pregnant woman is counted as just one person.
- 10. Household** A household is determined by tax dependency. Parents, children and siblings are included in the same household. A child claimed by non-custodial parent is evaluated for eligibility in the household in which he is living and is also counted in the family size of the parent claiming him as a dependent. There can be multiple households living in the home.
- This definition is different from the use of the word household in other programs such as the Supplemental Nutrition Assistance Program (SNAP).**
- 11. MAGI Adult** is an individual between the ages of 19-64 who is not eligible for or enrolled in Medicare and who has income at or below 138% of FPL.
- 12. Non-filer Household** means individuals who do not expect to file a Federal tax return and/or do not expect to be claimed as a tax dependent for the taxable year in which an initial determination or renewal of eligibility is being made. A non-filer household can also be a child who lives in the household with his custodial parent who is claimed on his non-custodial parent's taxes.
- 13. Parent** for the purposes of MAGI methodology, means a natural, biological, adoptive, or stepparent. When both the child's parent and stepparent are living in the home with the dependent child, both may be eligible in the LIFC covered group.
- 14. Reasonable Compatibility** means the income attested to (declared) by the applicant is within 10% of income information obtained from electronic sources *OR that both the attested income and any electronic income verification are below the applicable income limit*. If the income from both sources meets the 10% requirement *or the income from both sources is below the limit*, then the attestation is considered verified.

*The applicant's income reported on the application is compared through a match with income verification available from electronic income sources. The eligibility/enrollment system will compare the reported income with the income from the data match and determine if reasonable compatibility exists. If reasonable compatibility exists, the income will be labeled verified, and no further verification of the income is necessary.*

If reasonable compatibility does not exist or income data was not available through *available electronic sources and the* attestation is below the medical assistance income level, *additional* verification of income is required.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.100</b>	Page <b>6</b>

- 15. Sibling** means a natural, biological, stepsibling or half-sibling.
- 16. Tax-Dependent** means an individual for whom another individual claims a deduction for a personal exemption under section 151 of the Internal Revenue Code of 1986 for a taxable year.
- 17. Tax-filer Household** means individuals who expect to file a Federal tax return and/or who expect to be claimed as a tax dependent for the taxable year in which an initial determination or renewal of eligibility is being made.
- 18. Tax Filing Threshold** *is the minimum amount of income an individual must earn in order to be required to file a federal income tax return. The amount varies depending on the individual's age, marital status and number of dependents. The amount generally changes annually.*

## **M0430.100 MAGI HOUSEHOLD COMPOSITION**

### **A. Introduction**

The household composition is the basis for the financial eligibility determination for each person in the home who applies for MA. Eligibility is based on the countable income of the household members.

. Included in the MAGI household composition are:

- stepparents and stepchildren,
- children/siblings with income,
- children ages 21 and older who are claimed as tax dependents, and
- adult tax dependents.

### **B. Household Composition Rules**

Tax filers and tax dependents use the tax household rules with limited exceptions. In most cases, the household is determined by principles of tax dependency.

- Parents, children and siblings are included in the same household.
- Stepparents and parents are treated the same.
- Children and siblings with or without income are included in the same household as the rest of the family.
- Older children are included in the family if claimed as tax dependent by the parents.
- Married couples living together are **always** included in each other's household even if filing separately.
- Married couples that are separated and not living together but file jointly are not included in each other's household.
- Dependent parents may be included in the household if they are claimed for income tax purposes.

#### **1. Tax Filer Household Composition**

The tax filer household is determined based on the rules of tax dependency. Parents, children and siblings are included in the same household. The tax filer's household consists of the tax filer and all tax dependents who **are expected to be claimed for the current year**. This could include non-custodial children claimed by the tax filer, but living outside the tax filer's home and dependent parents claimed by the tax filer, but living outside the tax filer's home.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.100</b>	Page <b>7</b>

The tax filer household is composed of the individual who expects to file a tax return this year and does not expect to be claimed as a dependent by another tax filer. The household consists of the tax filer and all individuals the tax filer expects to claim as a tax *dependent*.

### 1. Tax Dependent Household Composition

means all dependents expected to be claimed by another tax filer for the taxable year. Except for Special Medical Needs AA children and children who have been in a Level C PRTF for at least 30 consecutive days, the household of a tax dependent who does not meet an exception in M0430.100 B.2 below is the same as the tax filer's household.

If the tax dependent is living with a tax filer other than a parent or spouse or is living separately from the parent claiming him as a dependent, the tax dependent is included in the tax filer household, but the tax filer is NOT included in the tax dependent's household.

A Special Medical Needs AA child or a child who has been in a Level C PRTF for at least 30 consecutive days is in his own household with no parents or siblings.

#### Exceptions to the tax household composition rules apply when:

- individuals other than biological, adopted or stepchildren are claimed as tax dependents,
- children are claimed by non-custodial parents,
- children *under age 19* live with both parents and expect to be claimed as a tax dependent by one parent, but parents (married or unmarried) do not expect to file jointly,
- the tax dependent is a Special Medical Needs AA child or a child who has been in a Level C PRTF for at least consecutive 30 days.

### 2. Non Filer Household Composition

The Non Tax Filer household rules mirror the tax filer rules to the maximum extent possible.

- The household consists of parents and children under age 19.  
Exception: A Special Medical Needs AA child or a child who has been in a Level C PRTF for at least 30 consecutive days is in his own household with no parents or siblings.
- Non-filer rules are used when a child is claimed as a tax dependent of someone not living in the home.
- Non-filer rules are used in the case of a multi-generational household where the tax dependent is also the parent of a child.
- Spouses, parents, stepparents and children living together are included in the same household. Exception: A Special Medical Needs AA child or a child who has been in a Level C PRTF for at least 30 consecutive days is in his own household with no parents or siblings.
- Children under age 19 living with a relative other than a parent are included in a household only with siblings/stepsiblings under age 19 who also live in the home.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.200</b>	Page <b>8</b>

- For non-filers, a “child” is defined as under age 19.

**3. Married Couple**

In the case of a married couple living together, the spouse is always included in the household of the other spouse, regardless of their tax filing status. This includes a tax dependent living with both a tax filer parent AND the dependent’s spouse. The tax dependent’s household includes his spouse, the tax filer, any other parent in the home, and any siblings in the home who are also claimed by the same tax filer.

**4. Tax Filer is Under Age 19**

If the tax filer is under age 19, lives in the home with his parent(s) AND is not expected to be claimed as a dependent by anyone, the parent(s) are included in the child’s household.

**6. Gap-filling Rule**

States are required to use household income, as calculated by the federal HIM for the APTC eligibility determination, to determine eligibility for Medicaid or FAMIS if **all** of the following conditions apply:

- The individual is in a tax filer household* (including those who meet a tax dependent household exception in M0430.100 B.2). APTC methodology does not apply to non-filer households.
- Current monthly household income, using Medicaid/FAMIS MAGI-based methods is over the applicable *monthly* income limit (including the 5% FPL disregard) for the individual’s covered group.
- The *total* income already received *plus* projected income for the **calendar** year in which eligibility is being determined, using MAGI methods applied by the HIM for the purposes of APTC eligibility, is below 100% FPL (i.e. the lower income threshold for APTC eligibility). See M04, Appendix 1.

This requirement is referred to the gap-filling rule. See M0450.400 for gap-filling rule evaluation procedures and examples.

## **M0430.200 TAX FILER HOUSEHOLD EXAMPLES**

**A. Married Parents and Their Tax Dependent Children**

Sam and Sally are a married couple. They file taxes jointly and claim their two children Susie and Sarah as tax dependents. All of them applied for MA.

The MAGI household is the same as their tax household because the tax filers are a married couple filing jointly and claiming their dependent children. No additional individuals live in the home.

Ask the following questions for each tax dependent to determine if exceptions exist:

- Is Susie the tax dependent of someone other than a spouse or a biological, adopted, or stepparent? No, also applies to Sarah
- Is Susie a child living with both parents, but the parents do not expect to file a joint tax return? No, also applies to Sarah
- Is Susie a child who expects to be claimed by a non-custodial parent? No, also applies to Sarah

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.200</b>	Page <b>9</b>

The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Sam	4 - Sam, Sally, Susie, Sarah	Tax-filer & dependents
Sally	4 - Sally, Sam, Susie, Sarah	Tax filer & dependents
Susie	4 - Susie, Sam, Sally, Sarah	Tax dependent, tax-filer parents and other tax dependent
Sarah	4 - Sarah, Sam, Sally, Susie	Tax dependent, tax-filer parents and other tax dependent

**B. Parent, Stepparent, and Parent's Child (not child of stepparent)**

John and Joan are a married couple. They file taxes jointly and claim Joan's son by a first marriage, JP age 17, as a tax dependent. All of them applied for MA.

The tax household includes John, Joan and JP. Since no one is claimed as a tax dependent by anyone else, the tax household and MAGI household are the same.

Ask the following questions for each tax dependent to determine if exceptions exist:

- Is JP the tax dependent of someone other than a spouse or a biological, adopted, or stepparent? No
- Is JP a child living with both parents, but the parents do not expect to file a joint tax return? No
- Is JP a child who expects to be claimed by a non-custodial parent? No

The following table shows each person's tax filer household:

Person	# - Household Composition	Reason
John	3 - John, Joan, JP	Tax-filer & dependents
Joan	3 - Joan, John, JP	Tax-filer & dependents
JP	3 - JP, Joan, John	Tax dependent and tax-filer parents

**C. Husband and Wife (Childless Adults)**

*Regina and Tyrone, both age 33, are a married couple. Regina is unemployed. The couple file taxes together. Both applied for MA.*

Person	#-Household Composition	Reason
Regina	2-Regina, Tyrone	Tax-filers
Tyrone	2-Tyrone, Regina	Tax-filers

**D. Father and Child**

*Elyse, age 20, is single and lives with her father. Her father does not claim her on his taxes. Elyse applied for MA.*

Person	# - Household Composition	Reason
Elyse	1-Elyse	Tax-filer

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.300</b>	Page <b>10</b>

## M0430.300 NON TAX FILER HOUSEHOLD EXAMPLES

### A. Example for non-filer HH with child over age 19

Jill lives with her daughter, Lea, age 24 and her son, Mike, age 15. Lea and Mike's father is deceased. Jill and Mike receive Social Security survivor's benefits. They do not file taxes. All applied for MA. The following table shows each person's MAGI household:

For individuals who neither file a tax return nor are claimed as a tax dependent for the taxable year in which an initial determination or renewal of eligibility is being made, the household consists of the individual and, if living with the individual:

- the individual's spouse
- the individual's natural, adopted and stepchildren under the age 19
- the individual's natural, adopted and stepparents and natural, adoptive and step siblings under the age of 19.

Person	# - Household Composition	Reason
Jill	2 Jill, Mike	Non tax filer household-parent and child under age 19
Mike	2 Mike, Jill	Non tax filer household-child under age 19 and parent
<i>Lea</i>	<i>1-Lea</i>	<i>Non-filer over age 19 (MAGI Adults)</i>

### B. Married Parents and Their Dependent Children

Josh and Penny are a married couple. They live with their children Daisy and Kate, both under age 18. They do not expect to file federal taxes this year so non-filer rules are used. All applied for MA. The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Josh	Josh, Penny, Daisy, Kate	Non -filer household-married parents living with 2 children in common
Penny (Spouse)	Josh, Penny, Daisy, Kate	Non- filer household-married parents living with 2 children in common
Daisy	Josh, Penny, Daisy, Kate	Non- filer household-married parents living with 2 children in common
Kate	Josh, Penny, Daisy, Kate	Non- filer household-married parents living with 2 children in common

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.400</b>	Page <b>11</b>

**C. Parent, Stepparent, and Parent's Child (not child of stepparent)**

Paul and Pattie are a married couple. They live with Pattie's son by a first marriage, Edgar age 17. They do not plan to file taxes this year. The household for the MAGI determination is the non-filer household which includes Paul (stepparent/spouse), Pattie (parent/spouse) and Edgar (child/stepchild). All of them applied for MA. The following table shows each person's tax filer household:

Person	# - Household Composition	Reason
Paul	3-Paul, Pattie, Edgar	Non filers – spouses, parent, stepparent and child/stepchild under age 19
Pattie	3-Pattie, Paul, Edgar	Non filers - spouses, parent, stepparent and child/stepchild under age 19
Edgar	3-Edgar, Paul, Pattie	Non filer lives with parents

## **M0430.400 TAX FILER AND NON TAX FILER HOUSEHOLD EXAMPLES**

**A. Parent and Child Claimed by Non-custodial Parent**

Linda and her daughter, Liza (age 6), live in the home. Linda works and claims only herself as a tax dependent. Liza is claimed by her father who does not live in the home. Both applied for MA.

Linda is a tax filer claiming only herself. Her tax household and MAGI household are the same. Liza is a tax dependent claimed by a non-custodial parent so a tax dependent exception exists and non-filer rules must be used. The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Linda	1– Linda	Tax-filer with no tax dependent
Liza	2 – Liza, Linda	Non-filer child and parent living in the home

**B. Three Generation Household – Grandmother is Tax Filer**

Mary is a working grandmother who claims her daughter, Samantha, age 20 and a full-time student, and granddaughter, Joy, age 2 as tax dependents. Although Samantha has a part-time job, she is not required to file taxes. All applied for MA.

The tax household includes Mary (the tax filer), Samantha (Mary's dependent child), and Joy (Mary's tax dependent). Mary's MAGI household is the same as her tax household and includes Mary, Samantha and Joy. Samantha's MAGI household is the same as Mary's because Samantha is a tax dependent and no tax dependent exceptions exist. Joy's is also a tax dependent, but meets an exception because she is not the child of the tax filer. Her MAGI household is a non-filer household and includes just Samantha and Joy; parent and child living in the home.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.400</b>	Page <b>12</b>

The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Mary	3 – Mary, Samantha, Joy	Tax-filer & dependents
Samantha	3 – Samantha, Mary, Joy	Tax-filer & dependents
Joy	2 – Joy, Samantha	Non-filer parent and child

**C. Three Generation Household – Second Generation Tax Filer**

Rose is a tax dependent of her daughter, Lee, age 18. Lee works and claims her son, Peter, and Rose as tax dependents. All applied for MA.

The tax household includes Lee (tax filer), Rose (tax dependent), and Peter (tax dependent). Rose is not the child of the tax filer so a tax dependent exception exists and non-filer rules are used for her MAGI household. Lee is a tax filer with dependents so her MAGI household is the same as her tax household. Peter is a tax dependent living with his tax filer parent so his MAGI household is the same as the tax household.

The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Rose	2– Rose and Lee	Non-filer, has child under age 19
Lee	3 – Lee, Rose and Peter	Tax-filer with dependents
Peter	3 – Peter, Lee and Rose	Tax dependent lives with tax-filer parent and parent's other tax dependent

**D. Two Parents Not Married To Each Other, One Is Tax Filer With Children, One Is Child Of One Parent And Other Is Child-In-Common**

Bob and Ann live together with Bob's son, John age 14, and their child-in-common, Jane age 12. Ann works and files taxes claiming both children as dependents. Bob does not file taxes. All applied for MA.

Bob is a non-filer and is not claimed as a tax dependent of anyone. His MAGI household uses non-filer rules and includes Bob and his children living in the home. Ann is a tax filer with tax dependents; her MAGI household is the same as her tax household. John is a tax dependent of someone other than his parent so non-filer rules are used. John's MAGI household includes John, his father Bob and his sibling Jane. Jane is a tax dependent of her tax filer mother, but her parents are not filing jointly so non-filer rules are used and her MAGI household includes her parents and siblings.

The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Bob	3 - Bob, John and Jane	Non-filer with children
Ann	3 – Ann, John and Jane	Tax filer and her dependents
John	3 - John, Bob, and Jane	Non-filer with parent and siblings-no direct relation to tax filer Ann
Jane	4 – Jane, Bob, Ann and John	Non-filer child with 2 parents and half-sibling



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0430.400</b>	Page <b>13</b>

**E. Two Parents Not Married To Each Other, Both File Taxes; 1 Child-In-Common, One Child Not In Common; Mom Is Pregnant**

Jill and Max are both tax filers. Also in the home are Max's son, Mark and their child-in-common, May. Jill is pregnant, expecting 1 baby. Max claims both children on his taxes. All applied for MA.

Jill is a tax filer who claims no additional dependents. Her MAGI household is the same as her tax household for Medicaid coverage in the LIFC covered group and includes her unborn child when determining her eligibility as a pregnant woman. Max is a tax filer with two dependent children; his MAGI household is the same as his tax household. Mark is a tax dependent living with his tax filer parent and no exceptions exist; his MAGI household is the same as the tax household. May is a tax dependent, but her parents are not filing jointly so an exception exists and non-filer rules are used for her MAGI household.

The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Jill	2 – Jill and 1 unborn	Tax-filer pregnant woman; no other dependents
Jill	1 – Jill	Tax filer household for determining eligibility as LIFC
Max	3 – Max, Mark and May	Tax filer and two dependent children
Mark	3 – Mark, Max and May	Tax filer rules, tax household rules for person filing for him
May	4 – May, Max, Jill and Mark	Non-filer rules child with parents not filing jointly, non-married parents and half sibling.

**F. Tax Filer, Spouse, Their Child, His Child Not Living In the Home**

Gerry and Bree are married and file their taxes jointly. Also in the home is their son, Tad age 7, whom they claim as their dependent. They also claim Gerry's daughter, Tansy age 10, who does not live with them. Gerry, Bree and Tad applied for MA.

Gerry and Bree are tax filers who are married, filing jointly claiming two dependent children. Their MAGI household is the same as their tax household.

Tad is a tax dependent child and no tax dependent exceptions exist; Tad's MAGI household is the same as the tax household. The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Gerry	4 – Gerry, Bree, Tad and Tansy	Tax filers and dependent children
Bree	4 – Gerry, Bree, Tad and Tansy	Tax filers and dependent children
Tad	4 – Gerry, Bree, Tad, Tansy	Tax filer and dependents

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>14</b>

**G. Tax Filer, Her Son and Her Nephew**

Daria lives with her son, Jack age 11, and her nephew Billy age 8. All applied for MA.

Daria is a tax filer who claims her son and nephew as dependents. Her MAGI household is the same as her tax household. Jack is a tax dependent and no exceptions exist; his MAGI household is the same as the tax household. Billy is a tax dependent claimed by a tax filer who is not his parent so an exception exists and non-filer rules are used. Billy's MAGI household consists of Billy only because he has no parents or siblings in the home. The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Daria	3 – Daria, Jack and Billy	Tax filer and dependents
Jack	3 – Daria, Jack and Billy	Tax filer and dependents
Billy	1 – Billy	Non filer rules; Daria is not his parent, Jack is not his sibling

**H. Tax Filer, Spouse, Their Child, His Parent Not Living In the Home**

Dave lives with his wife Jean and their child, Cathy age 8. Dave files taxes separately from his wife who files her own taxes each year. Dave claims their child Cathy and his mother, Becky, as his tax dependents. Dave, Jean and Cathy applied for MA.

Dave's MAGI household includes the individuals in his tax household and his wife, Jean because married spouses are always included in each other's MAGI household. Jean is also a tax filer with no additional dependents. Jean's MAGI household includes Dave because married spouses are always included in each other's MAGI household. Cathy is a tax dependent whose parents are not filing jointly so non-filer rules are used; her MAGI household includes herself and her parents. The following table shows each person's MAGI household:

Person	# - Household Composition	Reason
Dave	4 – Dave, Jean, Cathy and Becky	Tax filer, spouse, dependent child and dependent parent
Jean	2 – Dave, Jean,	Tax filer and spouse
Cathy	3 – Cathy, Dave, Jean	Non filer rules; child and parents in home

## **M0440.100 HOUSEHOLD INCOME**

**A. General Rule**

The income counted under MAGI rules is the income counted for federal tax purposes with few exceptions. All taxable income sources and some non-taxable income sources are counted for the MA eligibility determinations.

Whenever possible, income reported on the application will be verified *through available electronic data sources. The agency must utilize online systems that are available to the agency without requiring verifications from the individual or family. If no data sources exist to verify the attestation*, and the attestation is below the medical assistance income level, documentation of income is required. *The agency has ready access to Supplemental Nutrition Assistance Program (SNAP) and TANF records, some wage and payment information and information from SSA through SVES or SOLQ-I. Verification of income from available sources, including the VEC, may be used if it is dated within the previous 12 months. The agency must include in each applicant's case record facts to support the agency's decision on the case.*

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>15</b>

and the attestation is below the medical assistance income level, documentation of income is required.

The reported income of a child must be verified regardless of whether or not the attested income is above or below the tax-filing threshold amount.

If an income calculation must be made, use the information in subchapter M0710 for estimating income, subchapter M0720 for sources of earned income, and subchapter M0730 for sources of unearned income with the exceptions in B. below. The sources of income listed in this section are organized in table form in M04, Appendix 7.

## **B. MAGI Income Rules**

### **1. Income That is Counted**

- a.* Gross earned income is counted. There are no earned income disregards.
- b.* Earnings and unearned income, including Social Security benefits, of everyone in the household are counted, except the income of
  - a tax dependent who is claimed by his parent(s), or
  - a child under 19 in a non-filer household who is living with a parent or parents

who is not required to file taxes because the tax filing threshold is not met.

For children and tax dependents, Social Security income only counts toward the total household income if the individual is required to file a federal tax return.

- c.* Income of a child under 19 in a non-filer household who is NOT living with a parent or parents and who is not required to file taxes because the tax filing threshold is not met. Any Social Security benefits the child may have do not count in determining whether or not the tax filing threshold is met.

When determining the total household *income* of a child who is NOT living with a parent (for example, living with a grandparent), the child's income is always counted in determining the child's eligibility, even if the child's income is below the tax filing threshold.

**Effective, January 1, 2020, the Tax Filing Threshold for MAGI income counting purposes is \$1,100 in unearned income and \$12,200 in earned income.**

- d.* Interest, including tax-exempt interest, is counted.
- e.* Foreign income is counted.
- f.* Stepparent income is counted.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>16</b>

- g. Effective January 1, 2019, alimony received is not countable.
- Alimony received prior to January 1, 2019, is countable. An individual whose divorce decree was finalized prior to January 1, 2019, has the option with the IRS to adopt the new IRS alimony rule by modifying the divorce agreement. If an individual whose divorce decree was finalized prior to January 1, 2019, does not want alimony received on or after January 1, 2019 to be countable for the MAGI income determination, the individual must provide a copy of the modified divorce agreement to the eligibility worker.
- h. An amount received as a lump sum is counted only in the month received
- i. Military pay based upon age or years of service (other types of military pay are also counted and excluded; see M0720.290)
- j. Census income.
- k. *Unemployment Compensation is counted as unearned income.*

***Exception: Additional benefits of \$600 per week paid under the under the Federal Pandemic Unemployment Compensation program are not counted. See M0440.100 B.2.n.***

## **2. Income That is Not Counted**

- a. Child support received is not counted as income (it is not taxable income).
- b. Workers Compensation is not counted.
- c. When a child is included in a parent or stepparent's household, the child's income is not countable as household income unless the child is required to file taxes because the tax-filing threshold is met. Any Social Security benefits the child may have do not count in determining whether or not the tax filing threshold is met.
- d. Veterans benefits which are **not** taxable in IRS Publication 525 are not counted:
- Education, training, and subsistence allowances,
  - Disability compensation and pension payments for disabilities paid either to veterans or their families,
  - Veterans' insurance proceeds and dividends paid either to veterans or their beneficiaries, including the proceeds of a veteran's endowment policy paid before death,
  - Grants for homes designed for wheelchair living and motor vehicles for veterans who lost their sight or the use of their limbs,
  - Interest on insurance dividends left on deposit with the VA,
  - Benefits under a dependent-care assistance program,
  - The death gratuity paid to a survivor of a member of the Armed Forces who died after September 10, 2001, or
  - Payments made under the VA's compensated work therapy program.
- e. For divorce agreements finalized on or after January 1, 2019, no deduction is allowed for alimony paid. For divorce agreements finalized prior to January 1, 2019, alimony **paid** to a separated or former spouse outside the home is deducted from countable income.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>16a</b>

- f. Interest paid on student loans is deducted from countable income.
- g. Gifts, inheritances, and proceeds from life insurance are not counted.
- h. A parsonage allowance is not counted.
- i. Scholarships, awards, or fellowship grants used for education purposes and not for living expenses are not counted.
- j. Student loans

Effective January 1, 2019, student loan debt forgiven due to death or disability of student is not counted as income.

*Amounts that an employer paid in 2020 for an employee's student loan principal and interest are not counted in the employee's MAGI.*

- k. Difficulty of Care Payments, which include (1) payments designated by the payer as compensation for providing additional care that is required for a physically, mentally or emotionally disabled qualified foster care individual living in the provider's home and (2) payments to care providers who provide care under a Medicaid home and-community-based Waiver to an individual in the care provider's home. The care provider's home is the residence in which the care provider resides and regularly performs the routines of the care provider's life. If the care provider moves into an individual's home to care for that individual and performs the routines of the care provider's life in that residence, it is considered the care provider's home.
- l. General Welfare Payments for Indian Tribes are not countable. To qualify under the general welfare exclusion, the payments must be made pursuant to a governmental program for the promotion of the general welfare based on need and not represent compensation for services (See <https://www.irs.gov/pub/irs-drop/n-12-75.pdf>)
- m. Kinship Guardianship Payments are not income. These payments are a stipend paid to a relative caregiver who has assumed custody of a child as an alternative to that child remaining in foster care.
- n. Under the Federal Pandemic Unemployment Compensation Program, eligible individuals who are collecting certain Unemployment Compensation, including regular unemployment compensation, will receive an additional \$600 in federal benefits per week for weeks of unemployment ending on or before July 31, 2020. **The \$600 weekly Pandemic Unemployment Compensation payments (monthly equivalent of \$2,580) are not counted as income.**
- o. Recovery Rebate payments provided under Section 2201 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136) are not counted as income.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>16b</b>

- p. *Tax filers who do not itemize their deductions are permitted to deduct from their MAGI up to \$300 in charitable contributions made by an eligible individual in tax years beginning in 2020.*

**1. Income From Self-employment**

An individual reporting self-employment income must provide verification of business expenses and income, such as IRS Form 1040 for the adjusted gross income, Schedule C (business expenses), Schedule E (expenses from rental income) and Schedule F (expenses from farming). If the individual alleges that his current income is not accurately represented by tax records, obtain additional information (such as business records) that documents current income.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>17</b>

Business expenses are expenses directly related to producing goods or services and without which the goods or services could not be produced. Allowable business expenses include, but are not limited to, the following:

- payments on the interest of the purchase price of, and loans for, capital assets such as real property, equipment, machinery and other goods of a durable nature;
- insurance premiums;
- legal fees;
- expenses for routine maintenance and repairs;
- advertising costs;
- bookkeeping costs.
- depreciation and capital losses. If the losses exceed income, the resulting negative dollar amount offsets other countable income.

Expenses that are not deducted for MAGI purposes include the following: payments on the principal of the purchase price of, and loans for, capital assets, such as real property, equipment, machinery and other goods of a durable nature; the principal and interest on loans for capital improvements of real property; net losses from previous periods; federal, state, and local taxes; personal expenses, entertainment expenses, and personal transportation; and money set aside for retirement purposes.

**4. Private Accident/Health Plan Benefits**

Private accident, health plan, and disability benefits are benefits paid from a plan provided by an employer or purchased by the individual. Social Security benefits and Supplemental Security Income (SSI) are not private benefits.

Benefits received for personal injury or sickness through an accident or health plan that is paid for by an employer are countable income.

If the individual pays the entire cost of the accident or health plan, benefits received from the plan are NOT income.

If both the employer and the individual pay for the plan, only the benefits received through the employer's payments are income.

**5. American Indian-Alaska Native Payments**

In addition, the following payments to American Indian/Alaska Natives are not counted as income:

- a. distributions received from the Alaska Native Corporations and Settlement Trusts (Public Law 100-241),
- b. distributions from any property held in trust, subject to Federal restrictions, located within the most recent boundaries of a prior Federal reservation, or otherwise under the Supervision of the Interior,

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>18</b>

- c. distribution and payments from rents, leases, rights of way, royalties, usage rights, or natural resource extractions and harvest from:
  - rights of any lands held in trust located within the most recent boundaries of a prior Federal reservation or under the supervision of the Secretary of the Interior,
  - federally protected rights regarding off-reservation hunting, fishing, gathering or usage of natural resources,
  - distributions resulting from real property ownership interests related to natural resources and improvements,
  - located on or near a reservation of within the most recent boundaries of a prior Federal reservation, or
  - resulting from the exercise of federally-protected rights relating to such property ownership interests.
- d. payments resulting from ownership interests in or usage rights to items that have unique religious, spiritual, traditional, or cultural significance or right or rights that support subsistence or a traditional lifestyles according to applicable Tribal Law or custom.
- e. Student financial assistance provided under the Bureau of Indian Affairs Education Program.

**6. Income from Crowdsourcing**

Crowdsourcing or crowdfunding is a practice to raise funds online for donations, fund a project, or underwrite a venture by requesting small amounts of money from a large number of people. Examples of crowdsourcing websites include GoFundME, YouCaring, Kickstarter, or IndieGoGo. The treatment of the funds as income depends on the reason the funds were solicited.

If the individual or someone on his behalf is raising donations to go toward medical costs or bills, money raised is considered a gift and is not countable under MAGI rules.

If there is an exchange of goods or services, money raised is considered earned income and is countable. Funds deposited into an account to which the individual has access and which the individual has control over the use of are countable in the month of receipt. Platform fees or costs, including the cost per transaction, percentage of donation to the online host site, and costs to a payment processor, are not counted as income.

**7. Withdrawals from Retirement Funds**

*Money that is withdrawn from retirement funds, such as Individual Retirement Accounts (IRAs) and 401K accounts, on an early or emergency basis (i.e. before the individual is eligible to receive periodic payments) are not income. They are the conversion of the individual's resource from one form to another.*



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>18a</b>

**C. Monthly Income Determinations**

Medicaid and FAMIS income eligibility is determined using current monthly income. **Sources and amounts of income that are verified electronically and are reasonably compatible do not require additional verification.**

When income cannot be verified electronically **or** the information reported is not reasonably compatible (see M0420.100 for the definition), the individual must be asked to provide current verification of the household income so a point-in-time income eligibility determination can be made.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>January 2021</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0440.100</b>	Page <b>19</b>

- C. Steps for Calculating MAGI** For tax filers whose income is verified in the Hub as being reasonably compatible, no MAGI calculation is required.  
For non-filers or any other individuals whose income cannot be verified by the Hub, use the following steps for calculating an individual's MAGI. Subtract or include any deductions listed below as reported by the individual.

<b>Adjusted Gross Income (AGI)</b>	
<b>Include:</b> <ul style="list-style-type: none"> <li>• Wages, salaries, tips, etc.</li> <li>• Taxable interest</li> <li>• Taxable amount of pension, annuity or Individual Retirement Account (IRA) distributions and Social Security benefits</li> <li>• Business Income, farm income, capital gain, other gains (or loss)</li> <li>• Unemployment Compensation</li> <li>• Ordinary dividends</li> <li>• Rental real estate, royalties, partnerships</li> <li>• S corporations, trusts, etc.</li> <li>• Taxable refunds, credits, or offset of state and local income taxes</li> <li>• Other income</li> </ul>	<b>Deduct:</b> <ul style="list-style-type: none"> <li>• Certain self-employment expenses</li> <li>• Student loan interest deduction</li> <li>• Educator expenses</li> <li>• IRA deduction</li> <li>• Moving expenses</li> <li>• Penalty on early withdrawal of savings</li> <li>• Health savings account deduction</li> <li>• Domestic production activities deduction</li> <li>• Certain business expenses of reservists, performing artists, and fee-basis government officials</li> <li>• Alimony paid prior to January 1, 2019 (but not child support paid)</li> <li>• <i>For tax filers who do not itemize and report the deduction, up to \$300 in charitable contributions made by an eligible individual in tax years beginning in 2020.</i></li> </ul>
<b>Do Not Include:</b> Veteran's disability payments, Worker's Compensation or child support received. Pre-tax contributions, such as those for child care, commuting, employer-sponsored health insurance, flexible spending accounts and retirement plans such as 401(k) and 403(b), are not included in AGI but are not listed above because they are already subtracted out of W-2 wages and salaries, amounts <i>that an employer paid in 2020 for an employee's student loan principal and interest.</i>	
Note: Check the IRS website for detailed requirements for the income and deduction categories above.	

<b>Add (+) back certain income</b>	<ul style="list-style-type: none"> <li>• Non-taxable Social Security benefits</li> <li>• Tax –exempt interest</li> <li>• Foreign earned income and housing expenses for Americans living abroad</li> </ul>
<b>Exclude (-)from income</b>	<ul style="list-style-type: none"> <li>• Social Security benefits received by a child are not countable for his eligibility when a parent is in the household, unless the child is required to file taxes.</li> <li>• Scholarships, awards, or fellowship grants used for education purposes and not for living expenses</li> <li>• Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights and student financial assistance</li> <li>• Gifts, inheritances, and proceeds from life insurance</li> <li>• An amount received as a lump sum is counted only in the month received.</li> <li>• Parsonage allowance</li> <li>• Effective January 1, 2019, student loan debt forgiven due to death or disability of student is not counted as income.</li> <li>• Grants for homes designed for wheelchair living and motor vehicles for veterans who lost their sight or the use of their limbs</li> <li>• Difficulty of Care Payments</li> <li>• General Welfare Payments for Indian Tribes</li> <li>• Kinship Guardianship Payments</li> <li>• Pandemic Unemployment Compensation payments paid under the Federal Pandemic Unemployment Compensation Program.</li> <li>• Recovery Rebates paid under the CARES Act.</li> </ul>

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.100</b>	Page <b>20</b>

## **M0450.100 STEPS FOR DETERMINING MAGI-BASED ELIGIBILITY**

### **A. Determine Household Composition**

#### **1. Does the individual expect to file taxes?**

- a. If No - Continue to Step 2
- b. If Yes - Does the individual expect to be claimed as a tax dependent by anyone else?
  - 1) If No - the household consists of the tax filer, a spouse living with the tax filer, and all persons whom the tax filer expects to claim as a tax dependent. For a tax filer under age 19, parents living in the home are also in the individual's household.
  - 2) If Yes - Continue to Step 2

#### **2. Does the Individual Expect to be Claimed As a Tax Dependent?**

- a. If No - Continue to Step 3
- b. If Yes - Does the individual meet **any** of the following exceptions?
  - 1) the individual expects to be claimed as a tax dependent of someone other than a spouse or a biological, adopted, or stepparent; **or**
  - 2) the individual is a child (under age 19) living with both parents, but the parents do not expect to file a joint tax return; **or**
  - 3) the individual is a child who expects to be claimed by a non-custodial parent; **or**
  - 4) the child is a Special Medical Needs Adoption Assistance child.

*If No to 1) through 4) above - the household is the household of the tax filer claiming her/him as a tax dependent.*

*If Yes to any of 1) through 4) above - Continue to Step 3.*

#### **3. Individual Is Neither Tax Filer Nor Tax Dependent Or Meets An Exception In 2. b Above**

For individuals, other than Special Medical Needs AA children, who neither expect to file a tax return nor expect to be claimed as a tax dependent, as well as tax dependents who meet one of the exceptions in 2.b above, the household consists of the individual and, if living with the individual:

- the individual's spouse;
- the individual's natural, adopted and step children under the age 19; and
- In the case of individuals under age 19, the individual's natural, adopted and stepparents and natural, adoptive and stepsiblings under age 19.

The household of a Special Medical Needs AA child consists only of the child.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.100</b>	Page <b>21</b>

**B. Determine the MA Income for Each Member of the Household**

**1. Is Any Household Member The Child Or Expected Tax Dependent Of Another Member Of The Household?**

- a. If yes - is the individual expected to be required to file a tax return?
  - 1) If yes, continue to Step 2 and include child's income in total household income.
  - 2) If no, continue to Step 2, but do not include child's income in total household income.
- b. If no, continue to Step 2.

**2. Determine MAGI Income For Each Member**

Determine MAGI-based income of each member of the individual's household, unless income of such member is flagged as not being counted in step 1. Recall that, for purposes of MA eligibility, the following rules apply:

- An amount received as a lump sum is counted as income only in the month received.
- Scholarships, awards or fellowship grants used for education purposes and not for living expenses are excluded from income.
- Certain distributions, payments and student financial assistance for American Indians/Alaska Natives are excluded from income.
- Child support is not countable income.
- Social Security benefits received by a child are not countable for his eligibility when a parent is in the household, unless the child is required to file taxes.
- Interest paid on student loans is deducted from income.
- Foreign income and interest, including tax-exempt interest, are counted.

**3. Using the 5% of FPL Disregard**

If the individual's household income is over the income limit for his covered group, subtract an amount equal to 5% of FPL for his household size (see M04, Appendix 1). Compare the countable income against the income limit for the individual's covered group to determine his income eligibility.

If the individual meets multiple Medicaid covered groups (and/or FAMIS) his gross income is compared first to the income limit of the full-benefit covered group with the highest income limit for which the individual could be eligible. If the income exceeds the limit, subtract 5% FPL based on his household size and compare the income again to the income limit. If he is still not eligible, the same process is followed for Plan First, if the individual is age 19 through 64 years.

**C. Household Income**

Household income is the sum of the MAGI-based income for every member of the individual's household as determined in step 2 above.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.200</b>	Page <b>22</b>

## M0450.200 INCOME EXAMPLES – TAX FILER HOUSEHOLDS

### A. Example #1 Tax Filer Single Parent, Two Children (Using Jan. 18, 2018 figures)

Tom is a single parent living in Henrico County (Group II) with his two children, Jack and Betty, ages 6 and 10, whom he claims as tax dependents. Tom earns \$3,000 per month, with projected annual income of \$36,000.

The MAGI households are:

Person	# - Household Composition	Reason
Tom	3 – Tom, Jack, Betty	Tax-filer & 2 dependents
Jack	3 – Jack, Tom, Betty	Tax dependent, taxpayer & other tax dependent
Betty	3 – Betty, Tom, Jack	Tax dependent, taxpayer & other tax dependent

#### **Tom (parent) eligibility determination:**

##### Potential covered groups:

LIFC (full-coverage MA)  
MAGI Adults (full-coverage-MA)  
Plan First (limited coverage)

##### Monthly Income limits:

LIFC, Group II for HH of 3 = \$589  
MAGI Adults for HH of 3=\$2,391  
Plan First 200% FPL for HH of 3 = \$3,464  
5% FPL Disregard for HH of 3 = \$86

Tom's gross HH income of \$3,000.00 exceeds the LIFC income limit of \$589 for a HH of 3, so he is entitled to a 5% FPL disregard.

\$3,000.00 gross household income  
- 86.00 5% FPL Disregard for HH of 3  
\$2,914.00 countable income (after disregard)

His countable income of \$2,914.00 is compared to the LIFC income limit for HH of 3 which is \$589 ; income exceeds the LIFC limit. Tom is not eligible for full-coverage MA.

His countable income of \$2,914 is compared to the MAGI Adult income limit for household of 3 which is \$2,391. Toms income exceeds the MAGI Adult, therefore making him ineligible for full coverage MA

Tom's gross HH income of \$3,000.00 is then compared to the Plan First 200% FPL income limit for 3 which is \$3,464. As his income is under the limit, no disregard is needed; Tom is eligible for Plan First.

Tom is also referred to the Health Insurance Marketplace (HIM)

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.200</b>	Page <b>23</b>

**Jack (child) eligibility determination:**

Potential covered groups:

Child < Age 19  
FAMIS

Monthly Income limits:

Child < 19 143% FPL for a HH of 3 = \$2,477  
FAMIS 200% FPL for HH of 3 = \$3,464  
5% FPL Disregard for HH of 3 = \$86

The gross HH income for Jack of \$3,000 (his father's earnings) exceeds the Medicaid Child < Age 19 143% FPL income limit for 3 (\$2,477), so Jack is entitled to the 5% disregard.

\$3,000.00 gross household income  
- 86.00 5% FPL Disregard for HH of 3  
\$2,914.00 countable income (after 5% disregard)

The countable income of \$2,914.00 still exceeds the Medicaid Child < Age 19 143% FPL limit (\$2,477), Jack is not eligible for Medicaid.

The gross HH income for Jack of \$3,000 is then compared to the FAMIS income limit for a HH of 3 which is \$3,404. As the gross HH income is less than the FAMIS income limit (\$3,404) Jack is eligible for FAMIS. If the gross HH income had been over the FAMIS income limit, the 5% disregard would have been used and compared to the FAMIS income limit.

**Betty (child) eligibility determination:**

Betty's (the other child) income eligibility determination is the same as Jack's; she is eligible for FAMIS too.

**B. Example #2  
Tax Filer/Three  
Generation Household  
  
(Using Jan. 18, 2018  
figures)**

Mary Lewis is a 52-year-old working grandmother living in Louisa County (Group I). Mary claims her daughter (Samantha), age 20 and a full-time student, and granddaughter Joy (Samantha's daughter), age 2, as tax dependents who both live in the household with her.

Mary earns \$4,500/month (\$54,000/year).  
Samantha earns \$300/month (\$3,600/year)  
Projected annual income for tax household = Mary's income (Samantha not required to file) = \$54,000 per year

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.200</b>	Page <b>24</b>

Tax household = Mary, Samantha, and Joy.  
MAGI Households:

Person	# - Household Composition	Reason
Mary	3 – Mary, Samantha, Joy	Tax-filer & 2 tax dependents
Samantha	3 – Samantha, Mary, Joy	Tax dependent, tax filer, & other tax dependent
Joy	2 – Joy, Samantha	Non-filer child & child's parent with whom child lives

**Mary's eligibility determination:**

Potential covered groups:

Plan First  
MAGI Adult

Monthly Income Limits:

Plan First income limit for HH of 3 = \$3,464  
MAGI Adult income limit for HH of 3=\$2,391  
5% FPL Disregard for HH of 3 = \$86

HH gross monthly income:

\$4,500 Mary's earnings  
(Samantha's earnings are excluded because she is a child for tax purposes and is not required to file taxes).

4,500.00 gross household income  
- 86.00 5% FPL Disregard for HH of 3  
\$4,414.00 countable income (after 5% FPL disregard)

Her gross income of \$4,500 is compared to the MAGI Adult income limit for household of 3 which is \$2,391. Mary's income exceeds the MAGI Adult limit.

After subtracting the 5% FPL disregard, the countable income of \$4,414.00 is then compared to the MAGI Adult income limit of \$2,391 and her countable income exceeds the MAGI Adult limit, Mary is not eligible for full coverage MA.

The gross HH income of \$4,500.00 is compared to the Plan First 200% FPL income limit for 3, \$3,490. As the gross HH income exceeds the limit, she is entitled to the 5% FPL disregard.

The countable income of \$4,414.00 is then compared to the Plan First income limit of \$3,464; but as her countable income exceeds the Plan First limit, Mary is not eligible for Plan First.

Mary is referred to the HIM

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.200</b>	Page <b>25</b>

**Samantha's eligibility determination:**

Potential covered groups:

LIFC  
MAGI Adult  
Plan First.

Monthly Income limits:

LIFC, Group I for HH of 3 = \$484  
MAGI Adult income limit for HH of 3=\$2,391  
Plan First for HH of 3 = \$3,464  
5% FPL Disregard for HH of 3 = \$86

HH monthly income:

\$4,500 Mary's earnings  
(Samantha's income is not counted in this HH).

As \$4,500 exceeds the LIFC limit for 3 (\$484) she is entitled to the 5% FPL disregard. Her income eligibility is determined as follows:

\$4,500.00 gross household income  
- 86.00 5% FPL Disregard for HH of 3  
\$4,414.00 countable income

Samantha's countable income of \$4,414 still exceeds the LIFC income limit for 3 of \$484 so she is not eligible for LIFC (full-coverage) MA.

Her countable income of \$4,414 is compared to the MAGI Adult income limit for household of 3 which is \$2,391. Mary's income exceeds the MAGI Adult limit, therefore, making her ineligible for full coverage MA

The gross HH income of \$4,500.00 is compared to the Plan First 200% FPL income limit for 3 which is \$3,464, and as Samantha exceeds this amount, the 5% FPL Disregard (\$86) can be deducted. The countable income of \$4,414 is greater than the Plan First income limit of \$3,464. Samantha is not eligible for Plan First, and is referred to the HIM.

An alternate method, which accomplishes the same results, is to compare the Plan First 205% FPL (200% FPL + 5% FPL Disregard) for a HH of 3 which is \$3,551. As the countable income amount of \$4,500 is greater the income limit of \$3,551, Samantha is not eligible for Plan First, and is referred to the HIM.

Joy's eligibility determination

HH gross monthly income:

\$300 Samantha's earnings (Mary's income is not counted in this HH).

Potential covered group:

Child < Age 19

The HH income is \$300 which is less than the Medicaid Child < Age 19 limit for 2 (\$1,936). Joy is eligible for Medicaid in the Child < Age 19 covered group.

The 5% disregard is not necessary since the gross household income is within the Medicaid Child < Age 19 income limit.



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.200</b>	Page <b>26</b>

**C. Example # 3**  
**Tax Filer with**  
**Dependent Outside of**  
**the Home (Using**  
*January 18, 2018*  
**figures)**

John applies for Medicaid for himself and his child Richard. John files taxes and claims Richard as well as his 17-year-old daughter, Bridget, who does not live with him. John works part time making \$800 a month and Bridget works part time making \$625 a month. They live in Fairfax County (Group III).

Person	# - Household Composition	Reason
John	3 - John, Richard, Bridget	Tax filer and dependents
Richard	3 - Richard, John, Bridget	Tax dependent, tax filer, and other dependent

Even though Bridget has income over the tax filing threshold (\$6,300 in 2016) and is required to file taxes on her own, she is part of John's tax filing household as a dependent, so her income counts toward any HH in which she is included, in this case, the HH of her father John.

**John's eligibility determination:**

Potential covered groups:

LIFC  
MAGI Adult  
Plan First

Monthly income limits:

LIFC (Group III) HH of 3 = \$807  
MAGI Adult income limit for HH of 3=\$2,391  
Plan First HH of 3 = \$3,464  
5% FPL Disregard for HH of 3 = \$86

John's gross HH income of \$1,425.00 exceeds the LIFC income limit for 3 of \$807, and he is entitled to the 5% FPL disregard.

\$1,425.00 gross household income
- 86.00 5% FPL Disregard for HH of 3
\$1,339.00 countable income

His countable income of \$1,339 is less than the MAGI Adult limit of \$2,304 for 3. John is eligible for full coverage in the MAGI Adult coverage group.

**Bridget's eligibility determination**

Bridget was not applied for.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.300</b>	Page <b>27</b>

**Richards's eligibility determination:**

Potential covered groups:

Child < Age 19

FAMIS

Monthly Income limits:

Child < 19 - 143% FPL for a HH of 3 = \$2,477

FAMIS 200% FPL for HH of 3 = \$3,464

5% FPL Disregard for HH of 3 = \$86

Richard's gross HH income of \$1,425 (his father's and sibling's earnings) is less than the FAMIS 200% income limit of \$3,464. And as the HH income does not exceed the Medicaid Child < Age 19 income of \$2,477, the 5% disregard is not needed. Richard is eligible for full-coverage MA.

## **M0450.300 INCOME EXAMPLES – NON TAX FILER HOUSEHOLDS**

### **A. Example #1**

Robb lives in the City of Norfolk (Group II) with his sons, and does not file taxes. He receives of \$2,500 per month disability income. His children receive monthly interest on trust accounts their grandparent's setup. Mike is 16 years old and receives \$500 per month while Ike is 13 years old and receives \$400 per month.

**Non Tax Filer Single  
Parent, Two Children  
(Using Jan. 18, 2018  
figures)**

The MAGI households are:

Person	# - Household Composition	Reason
Robb	3 – Robb, Mike & Ike	Non tax filer & his 2 children < 19
Mike	3 – Mike, Robb & Ike	Non-filer child < 19, his parent & his sibling < 19
Ike	3 – Ike, Robb & Mike	Non-filer child < 19, his parent & his sibling < 19

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.300</b>	Page <b>28</b>

HH income:

\$2,500.00 Robb's disability benefit income  
+ 500.00 Mike's trust income  
+ 400.00 Ike's trust income  
\$3,400.00 gross household income

Robb's gross HH's of \$3,400 monthly income exceeds the LIFC income limit for 3 of \$589 per month, thus entitled to the 5% disregard. His income eligibility is determined as follows:

\$3,400.00 gross household income  
- 86.00 5% disregard  
\$3,314.00 countable income

As his countable income exceeds the LIFC income limit of \$589, he is ineligible for full coverage MA.

*His gross income of \$3,400.00 is compared to the MAGI Adults income limit for household of 3 which is \$2,391. After applying the 5% disregard, Robb's income exceeds the MAGI Adults limit. Robb is ineligible for full coverage MA.*

His gross HH income of \$3,400.00 is then compared to the Plan First 200% FPL income limit for 3 of \$3,464. As the income is less than the Plan First income limit, he is eligible for Plan First. Robb is also referred to the HIM.

**Mike's eligibility determination:**

Potential covered groups:

Child < Age 19  
FAMIS

Monthly Income limits:

Child < Age 19, 143% FPL for a HH of 3 = \$2,477  
FAMIS, 200% FPL for HH of 3 = \$3,464  
5% FPL for 3 = \$86

HH income:

\$2,500.00 Robb's disability benefit income  
+ 500.00 Mike's trust income  
+ 400.00 Ike's trust income  
\$3,400.00 gross household income

Mike's gross HH's \$3,400 monthly income exceeds the Medicaid Child < Age 19 143% FPL income limit for 3, \$2,477, so he is entitled to the 5% disregard. Mike's income eligibility is determined as follows:

\$3,400.00 gross household income  
- 86.00 5% FPL disregard  
\$3,314.00 countable income

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.300</b>	Page <b>29</b>

Mike's countable income of \$3,314.00 exceeds the Medicaid Child < Age 19 143% FPL income limit for 3, \$2,477. Mike is not eligible for Medicaid.

His gross HH income of \$3,400.00 is then compared to the FAMIS 200% FPL income limit for 3, \$3,464. He is eligible for FAMIS because his gross HH income is less than the FAMIS income limit for the household size.

**Ike's income eligibility determination:**

**Potential covered groups:**

Child < Age 19

FAMIS

**Monthly Income limits:**

Child < Age 19, 143% FPL for a HH of 3 = \$2,477

FAMIS, 200% FPL for HH of 3 = \$3,464

5% FPL for 3 = \$86

**HH income:**

\$2,500.00 Robb's disability benefit income

+ 500.00 Mike's trust income

+ 400.00 Ike's trust income

\$3,400.00 gross household income

Ike's countable income of \$3,314.00 exceeds the Medicaid Child < Age 19 143% FPL income limit for 3, \$2,477. Mike is not eligible for Medicaid.

As his gross monthly income exceeded the Medicaid Child < Age 19 143% income limit of \$2,477, he is entitled to the 5% disregard. Ike's income eligibility is determined as follows:

\$3,400.00 gross household income

- 86.00 5% FPL disregard

\$3,314.00 countable income

As his countable income exceeds the income limit of \$2,477, he is ineligible for Medicaid child <19, and move to the next step.

His gross HH income of \$3,400.00 is compared to the FAMIS 200% FPL income limit for 3 of \$3,464. He is eligible for FAMIS because his gross HH income is less than the FAMIS income limit for the household size of 3.

This example also illustrates as even though Mike and Ike had different trust account income, it made no difference in the results, and both eligible for FAMIS coverage.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.300</b>	Page <b>30</b>

**B. Example #2**  
**Non Tax Filer Three**  
**Generation Household**  
**(Using Jan. 18, 2018**  
**figures)**

*Sally Green is age 64, a grandmother who does not expect to file taxes this year. She is neither blind or disabled. She lives with her daughter Jane, age 20 and a full-time student, and her granddaughter Dee (Jane's daughter), age 2. Sally takes care of Dee while Jane is attending school and working at her part-time job. Jane is pregnant with 1 unborn. They live in Hanover, a Group I locality. Sally doesn't have Medicare.*

**Income:**

*Sally receives SSA widow's benefits of \$1,000 per month.*

*Jane earns \$300 per month or \$3,600 annually and is not required to file taxes.*

*The MAGI non-filer households are:*

<i>Person</i>	<i># - Household Composition</i>	<i>Reason</i>
<i>Sally</i>	<i>1 – Sally</i>	<i>Non-filer grandmother</i>
<i>Jane (PG)</i>	<i>3 – Jane, Jane's unborn child &amp; Dee</i>	<i>Non-filer, her unborn child &amp; non-filer's child &lt; 19</i>
<i>Jane (LIFC)</i>	<i>2 – Jane, Dee</i>	<i>Non-filer &amp; non-filer's child &lt; 19</i>
<i>Dee</i>	<i>2 – Dee, Jane</i>	<i>Non-filer child &lt; 19 &amp; non-filer child's parent</i>

**Sally's eligibility determination:**

**Potential covered groups:**

*Plan First*

*MAGI Adult*

**Monthly Income limits:**

*MAGI Adult income limit for HH of 1=\$1,346*

*Plan First 200% FPL income limit for HH of 1 = \$2,024*

*5% FPL for 1 = \$51*

*HH gross monthly income = \$1,000 Sally's SSA benefits*

*Her gross income of \$1,000 is less than the MAGI Adult limit of \$1,346 for 1. Sally is eligible for full coverage in the MAGI Adult coverage group.*

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2018</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.300</b>	Page <b>31</b>

**Jane's eligibility determination:**

Potential covered groups:

LIFC  
MAGI Adult  
Medicaid Pregnant Women

Monthly Income limits:

LIFC, Group I for HH of 2 = \$381  
Pregnant Women 143% FPL for a HH of 3 = \$2,477  
MAGI Adult income limit for HH of 3 = \$2,391  
5% FPL for 3 = \$86

HH monthly income = \$300 Jane's income.

Jane is over age 19, not a child and not counted as a dependent for anyone else. Jane's earnings must be counted even though she is not required to file taxes. As her mother (Sally) is not in Jane's her tax filing HH, Sally's income is not counted when determining Jane's eligibility. The HH would consist of Jane and her daughter Dee.

\$300 is less than the LIFC limit for 2 (\$381) so the 5% disregard is not applied (it is not necessary). Jane is eligible for Medicaid in the LIFC covered group.

If Jane had been over income for the LIFC covered group, the step to apply the 5% disregard would have been used. If she was found over the LIFC income limit, a review as a Medicaid Pregnant Woman 143% income limit would have been used.

**Dee's eligibility determination:**

Potential covered groups:

Child < Age 19  
FAMIS

Monthly Income limits:

Child < Age 19 143% FPL for a HH of 2 = \$1,962  
FAMIS, 200% FPL for HH of 2 = \$2,585  
5% FPL for 2 = \$65

HH monthly income:

\$300 (Jane's gross earnings)

As HH income \$300 is less than the Medicaid Child < Age 19 143% FPL income limit for 2 (\$1,962), Dee is eligible for Medicaid. The 5% disregard is not necessary since she qualified in this aid category.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.400</b>	Page <b>32</b>

Dee's eligibility determination:

Potential covered groups:

Child < Age 19  
FAMIS

Monthly Income limits:

Child < Age 19 143% FPL for a HH of 2 = \$1,962  
FAMIS, 200% FPL for HH of 2 = \$2,585  
5% FPL for 2 = \$65

HH monthly income:

\$300 (Jane's gross earnings)

\$300 is less than the Medicaid Child < Age 19 143% FPL income limit for 2 (\$1,962) so Dee is eligible for Medicaid in the Child < Age 19 covered group. The 5% disregard is not applied because it is not necessary; her gross HH income is within the Medicaid Child < Age 19 income limit.

## **M0450.400 GAP-FILLING RULE EVALUATION**

### **A. When to Complete Gap-Filling Evaluation**

Complete a gap-filling evaluation to determine eligibility for Medicaid or FAMIS whenever **all** of the following conditions apply:

- The individual is in a tax filer household (regardless of whether or not a tax dependent exception in M0430.100 B.2 is met). *APTC methodology does not apply to non-filer households or if married parents file separately and live in the same home.*
- Current monthly household income, using Medicaid/FAMIS MAGI-based methods is over the applicable *monthly* income limit (including the 5% FPL disregard) for the individual's covered group.
- The total of income already received plus projected income for the **calendar** year in which eligibility is being determined, using MAGI methods applied by the HIM for the purposes of APTC eligibility, is below 100% FPL (i.e. the lower income threshold for APTC eligibility). See M04, Appendix 1. The individual's prior income for the calendar year, or lack of income, is included in the calculation of annual income when determining financial eligibility.

Note: The individual does not need to apply for the APTC prior to applying for Medicaid or having the gap-filling evaluation completed.

*The gap-filling evaluation is applicable to the eligibility determination for retroactive and ongoing coverage.*

If the eligibility and enrollment system is unable to determine eligibility using the gap-filling evaluation, the evaluation must be completed outside the system and documented in the electronic record. If the individual is eligible, the coverage must be entered directly into MMIS, and the renewal date must be updated for January of the following year.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>October 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.400</b>	Page <b>33</b>

**B. Non-financial Requirements**

The individual must meet a MAGI covered group (Children under 19, LIFC, Pregnant Women, Individuals Under Age 21, Adults age 19-64, Plan First).and all non-financial eligibility criteria for that covered group.

**C. Household Income Calculation**

Under the gap-filling rule, the individual's household income must be calculated according to the MAGI rules used for APTC purposes and compared to the APTC 100% FPL annual income limit for the household size in M04 listed in, Appendix 1. If the annual income at or below the APTC 100% FPL amount, the income is then compared to the Medicaid annual income limits for the individual's covered group or to the FAMIS or FAMIS MOMS income limits to determine the individual's eligibility.

Only tax-filer rules are used for determining household composition for gap-filling determinations. Neither the tax dependent exceptions used for Medicaid/FAMIS MAGI-specific household composition nor non-filer rules are applicable. For example, if a child lives with both parents, and the parents are unmarried, the child is in the tax-filer household of the parent who claims the child as a tax dependent.

Financial eligibility is based on income already received and projected income for the calendar year in which benefits are sought. If the local agency knows the determination of annual income made by the HIM, it may use that information for the purposes of applying the gap filling rule. Otherwise, the worker must obtain income information from the individual or authorized representative.

**1. Verification of Income**

Income reported as received for the calendar year in which benefits are sought as well as current monthly income must be verified.

*If the information provided is reasonably compatible with information obtained by the worker from electronic sources such as the VEC, or documentation is available from other social services program, such as TANF or SNAP, and the systems information is dated within the past 12 months, the agency must determine eligibility based upon the information available. If there is a discrepancy between what is stated on the application and the information obtained from online systems/agency knowledge, contact the enrollee to obtain clarification of reported income.*

**2. Countable Income**

Income that is listed in M0440.100 B as countable for the Medicaid/FAMIS MAGI evaluation is also countable for the gap-filling evaluation. Additionally, the following income **is counted** for the gap-filling evaluation only if it is countable for taxes:

- Payments made to American Indian/Alaska Natives as described in M0440.100 B.5.
- Scholarships/Awards and fellowship income, regardless of its intended use
- Lump sum payments received in the calendar year for which benefits are sought are included in the annual income calculation only

**3. Income Evaluation**

If the annual income as determined by the HIM is not known, the eligibility worker must calculate the annual income.



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.400</b>	Page <b>34</b>

- First, add together income already received for the year. Do not convert the income.
- Next, calculate the projected income for the remainder of the year based on the current monthly income, unless the individual's income is expected to change (e.g. current employment is terminating).
- Add income already received to projected income to obtain the **annual** projected income for the current calendar year.
- Compare the **annual** projected income to the 100% FPL **annual** income limits for the MAGI household size in M04, Appendix 1.
- If the **annual** income is less than or equal to 100% FPL, compare the **annual** income to the **annual** income limit for the individual's covered group.
- For the individual to be eligible for Medicaid or FAMIS as a result of applying the gap-filling rule, the countable income must be no more than the **annual** income limit for the individual's covered group. The 5% income disregard used for the Medicaid/FAMIS MAGI determination does not apply. See M04 Appendices 2-6 for income limits.

#### 4. Renewals

A renewal of eligibility must be completed in January of the following year and annually thereafter. At the time of *initial* enrollment, change the renewal date to January of the following year. Evaluate the individual's eligibility using Medicaid/FAMIS MAGI methodology before applying gap-filling methodology. A gap-filling evaluation may not be necessary for future eligibility determinations/renewals since tax dependency status and/or income may have changed.

*If a woman who is eligible based on gap-filling methodology is pregnant or in the post-partum period in January, do not complete the renewal until the month in which the 60<sup>th</sup> day following the end of the pregnancy occurs.*

#### 5. Individual Not Eligible Using Gap-filling Methodology

If the individual's household income is determined to be over the Medicaid and FAMIS income limits after the gap-filling rule evaluation or the individual does not provide the necessary verifications for the gap-filling evaluation **and** he meets a MN covered group, he must be offered the opportunity to be placed on a MN spenddown.

#### D. Example Situation – Coverage Gap and Gap Filling Rule

A 10-year-old child lives with both parents, who are not married, and the child is expected to be claimed as a tax dependent by one parent. His parents apply for the APTC through the federal HIM, which uses tax filers income methodology. The child is determined to not be eligible for the APTC because his countable income is below the lower income threshold (it is too low) for APTC eligibility.

The HIM refers the application to Virginia for a Medicaid/FAMIS eligibility determination. The child meets a tax dependent exception in M0430.100 B.2 (he lives with both parents, is claimed as a tax dependent by one parent, and the parents do not expect to file jointly). The child's eligibility for Medicaid or FAMIS is determined using non-filer methodology. Because he is under 19 and both parents are in his household, the income of both parents is counted. His household income with the 5% FPL disregard is over the limit for both Medicaid and FAMIS.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.400</b>	Page <b>35</b>

**E. Example – Gap Filling Evaluation  
Unmarried Couple and Child in Common**

Maria and Tony are an unmarried couple who live with their 12-year-old daughter, Anita. Maria and Tony are both employed. Anita is claimed as a tax dependent by Maria, who works part time. Maria applies for Medicaid only for Anita. Because Anita lives with both parents, but the parent's file taxes separately and only one parent claims her as a tax dependent, Anita meets a tax dependent exemption. Her eligibility must be evaluated using non-filer rules.

Because she is under age 19, Anita's MAGI household consists of Anita and both parents. Both Maria's and Tony's income is counted for Anita's eligibility. Her countable income, including with the 5% FPL disregard, is over the limits for both Medicaid and FAMIS.

The eligibility worker notes that a potential gap-filling situation exists. The worker evaluates Anita's eligibility for Medicaid or FAMIS using the APTC rules. Under the APTC rules, Anita's household consists of Anita (tax dependent) and Maria (tax filer); Tony is not in Anita's household because he does not claim Anita on his taxes. Maria's income from her part time job is *under the APTC 100% FPL annual income limit and under the Medicaid annual income limit for a Child Under 19 (143% FPL). Therefore, Anita is eligible for Medicaid under the gap-filling rule.*

The following tables show the household formation and income used.

For the Medicaid/FAMIS evaluation:

Person	# - MAGI Household Composition Non-filer rules	Income to count for Medicaid/FAMIS eligibility
Anita	3 – Anita, Maria, Tony	Maria, Tony

For the gap-filling evaluation

Person	# - APTC Household Composition	Income to count for Medicaid/FAMIS eligibility
Anita	2 – Maria, Anita	Maria, and (non-excluded) income from Anita

**F. Example – Gap Filling Evaluation—  
(Using 2019 Income Limits)**

*Application dated 7/4/18 by Tom (tax-filer) for his two children Tia (age 8) and Tony (age 10). Household size is 3 (Tom, Tia and Tony) Tom was unemployed from January –June and started a new job in July. Tom earns \$1750 bi-weekly. Only one pay was received in July (\$940.62). The income is calculated as  $\$1,750 \times 2.15 = \$3,762.50$ . The 5% FPL disregard amount of \$89 is deducted ( $\$3,762.50 - 89 = \$3,673.50$ ) and income exceeds the monthly FPL limits for FAMIS (\$3,555). The worker requests income already received during the current tax year and Tom's employer verifies the following:*

<i>January- June</i>	<i>\$0</i>
<i>July 23</i>	<i>\$940.62</i>
<i>August – December (projected)</i>	<i>\$18,812.50</i>
<i>Total Projected Annual Income</i>	<i>\$19,753.12</i>

*The total annual projected income is of \$19,753.12 is under the 100% annual FPL for household size 3 (\$21,330). The projected annual amount of \$19,753.12 is compared to the 143% annual FPL limit for household size of 3 (\$30,502) and both children are eligible for Medicaid.*

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2019</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>M0450.400</b>	Page <b>36</b>

Since the child's countable income is under the lower financial threshold for the APTC and he has excess income using non-filer rules, the child's eligibility must be evaluated using gap-filling rules.

**G. Example – Gap Filling Evaluation—Childless Adult (Using 2019 Income Limits)**

Lee, age 27, is a tax-filer and applies for Medicaid on June 1. He is attending graduate school and works part-time as a teaching assistant. His income for June is \$1,625. The 5% FPL disregard amount of \$53 is deducted (\$1,625 - \$53 = \$1,572) and income exceeds the limit for the MAGI Adults covered group for a HH of 1 (\$1,436). Lee is not eligible for Medicaid using MAGI methodology.

Lee calls the worker when he receives the denial notice and tells the worker that his income is higher in the summer and less during the remainder of the year *and requests to be evaluated for retroactive coverage for March- May*. A potential gap-filling situation exists, so the worker requests verification of Lee's income from January through May. He provides his paystubs for January (\$710), February (\$720), March (\$697), April (\$752), and May (\$715). -His total year to date income is \$3,594.

Lee also provides a letter from his employer that states his teaching income for September thru December will be a guaranteed amount of \$715 per month. The worker uses a projected amount for September – December of \$715 per month, which totals \$2,860.

January - May	\$3,594
June- August	\$4,875
September- December (projected)	\$2,860
Total Projected Annual Income	\$11,329

The total annual projected income of \$11,329 is under the 100% annual FPL of \$12,490 for household size of 1. The projected annual amount of \$11,329 is compared to the 133% annual FPL limit for household size of 1 (\$16,612). *Lee is eligible for retroactive Medicaid coverage and ongoing coverage as a MAGI Adult.*

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 1</b>	Page <b>1</b>

<b>5% FPL INCOME DISREGARD AMOUNTS ALL LOCALITIES  EFFECTIVE 1/17/20</b>	
<b>Household Size</b>	<b>Monthly Amount</b>
1	\$54
2	72
3	91
4	110
5	128
6	147
7	166
8	184
Each additional, add	19

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 1</b>	Page <b>2</b>

**GAP-FILLING RULE EVALUATION**  
**100% FPL**  
**INCOME LIMITS**  
**EFFECTIVE 1/17/20**

<b>Household size</b>	<b>Annual (Use for Gap-filling Evaluation)</b>	<b>Monthly</b>
1	\$12,760	\$1,064
2	17,240	1,437
3	21,720	1,810
4	26,200	2,184
5	30,680	2,557
6	35,160	2,930
7	39,640	3,304
8	44,120	3,677
Each additional	4,480	374

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 2</b>	Page <b>1</b>

<b>PREGNANT WOMEN 143% FPL INCOME LIMITS ALL LOCALITIES  EFFECTIVE 1/17//20</b>			
<b>Household Size</b>	<b>143% FPL Yearly Amount</b>	<b>143% FPL Monthly Amount</b>	<b>148% FPL (143% FPL + 5% FPL Disregard)</b>
2*	\$24,654	\$2,055	\$2,127
3	31,060	2,589	2,680
4	37,466	3,123	3,233
5	43,873	3,657	3,785
6	50,279	4,190	4,337
7	56,686	4,724	4,890
8	63,092	5,258	5,442
Each additional, add	6,407	534	553

\*A pregnant woman's household is at least two individuals when evaluated in the Pregnant Women covered group.

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 2</b>	Page <b>2</b>

**CHILD UNDER AGE 19  
143% FPL  
INCOME LIMITS  
ALL LOCALITIES  
  
EFFECTIVE 1/17/20**

# of Persons in House- hold	109% FPL (for Determining Aid Category)	143% FPL		148% FPL (143% FPL + 5% FPL Disregard)
	Monthly Limit	<i>Annual Limit</i>	Monthly Limit	Monthly Limit
1	<i>\$1,160</i>	<i>\$18,247</i>	<i>\$1,521</i>	<i>\$1,575</i>
2	<i>1,566</i>	<i>24,654</i>	<i>2,055</i>	<i>2,127</i>
3	<i>1,973</i>	<i>31,060</i>	<i>2,589</i>	<i>2,680</i>
4	<i>2,380</i>	<i>37,466</i>	<i>3,123</i>	<i>3,233</i>
5	<i>2,787</i>	<i>43,873</i>	<i>3,657</i>	<i>3,785</i>
6	<i>3,194</i>	<i>50,279</i>	<i>4,190</i>	<i>4,337</i>
7	<i>3,601</i>	<i>56,686</i>	<i>4,724</i>	<i>4,890</i>
8	<i>4,008</i>	<i>63,092</i>	<i>5,258</i>	<i>5,442</i>
Each add'l, add	<i>407</i>	<i>6,407</i>	<i>534</i>	<i>553</i>

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 3</b>	Page <b>1</b>

## LIFC INCOME LIMITS

**EFFECTIVE 7/1/20**

### Group I

Household Size	Monthly Amount	Annual Amount
1	\$262	\$3,144
2	399	4,788
3	506	6,072
4	614	7,368
5	724	8,688
6	815	9,780
7	920	11,040
8	1,030	12,360
Each additional person add	108	1,296

### Group II

Household Size	Monthly Amount	Annual Amount
1	\$343	\$4,116
2	491	5,892
3	616	7,392
4	736	8,832
5	866	10,392
6	976	11,712
7	1,093	13,116
8	1,219	14,628
Each additional person add	123	1,476

### Group III

Household size	Monthly Amount	Annual Amount
1	\$516	\$6,192
2	689	8,268
3	844	10,128
4	990	11,880
5	1,170	14,040
6	1,301	15,612
7	1,448	17,376
8	1,601	19,212
Each additional person add	149	1,788



Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2017</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 4</b>	Page <b>1</b>

**GROUPING OF LOCALITIES EFFECTIVE 7/01/17**

<b>GROUP I</b>		<b>GROUP II</b>	<b>GROUP III</b>
<u>Counties</u>	Louisa	<u>Counties</u>	<u>Counties</u>
Accomack	Lunenburg	Albemarle	Arlington
Alleghany	Madison	Augusta	Fairfax
Amelia	Mathews	Chesterfield	Montgomery
Amherst	Mecklenburg	Henrico	Prince William
Appomattox	Middlesex	Loudoun	
Bath	Nelson	Roanoke	
Bedford	New Kent	Rockingham	<u>Cities</u>
Bland	Northampton	Warren	Alexandria
Botetourt	Northumberland		Charlottesville
Brunswick	Nottoway	<u>Cities</u>	Colonial Heights
Buchanan	Orange	Chesapeake	Falls Church
Buckingham	Page	Covington	Fredericksburg
Campbell	Patrick	Harrisonburg	Hampton
Caroline	Pittsylvania	Hopewell	Manassas
Carroll	Powhatan	Lexington	Manassas Park
Charles City	Prince Edward	Lynchburg	Waynesboro
Charlotte	Prince George	Martinsville	
Clarke	Pulaski	Newport News	
Craig	Rappahannock	Norfolk	
Culpeper	Richmond County	Petersburg	
Cumberland	Rockbridge	Portsmouth	
Dickenson	Russell	<i>Poquoson</i>	
Dinwiddie	Scott	Radford	
Essex	Shenandoah	Richmond	
Fauquier	Smyth	Roanoke	
Floyd	Southampton	<i>Salem</i>	
Fluvanna	Spotsylvania	Staunton	
Franklin	Stafford	Virginia Beach	
Frederick	Surry	Williamsburg	
Giles	Sussex	Winchester	
Gloucester	Tazewell		
Goochland	Washington		
Grayson	Westmoreland		
Greene	Wise		
Greensville	Wythe		
Halifax	York		
Hanover			
Henry	<u>Cities</u>		
Highland	Bristol		
Isle of Wight	Buena Vista		
James City	Danville		
King George	Emporia		
King & Queen	Franklin		
King William	Galax		
Lancaster	Norton		
Lee	Suffolk		

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 5</b>	Page <b>1</b>

**INDIVIDUALS UNDER AGE 21 INCOME LIMITS  
EFFECTIVE 7/1/20**

**Group I**

Household Size	Monthly Income Limit	Annual Income Limit
1	\$250	\$3,000
2	389	4,668
3	497	5,964
4	603	7,236
5	709	8,508
6	795	9,540
7	890	10,680
8	1,009	12,108
Each additional person add	104	1,248

**Group II**

Household Size	Monthly Income Limit	Annual Income Limit
1	\$340	\$4,080
2	492	5,904
3	615	7,380
4	737	8,844
5	870	10,440
6	1,072	12,864
7	1,093	13,116
8	1,218	14,616
Each additional person add	121	1,452

**Group III**

Household Size	Monthly Income Limit	Annual Income Limit
1	\$452	\$5,424
2	605	7,260
3	732	8,784
4	856	10,272
5	1,012	12,144
6	1,116	13,392
7	1,238	14,856
8	1,362	16,344
Each additional person add	122	1,464

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 6</b>	Page <b>1</b>

**PLAN FIRST  
200% FPL  
INCOME LIMITS  
ALL LOCALITIES**

**EFFECTIVE 1/17/20**

<b>Household Size</b>	<b>200% FPL Yearly Amount</b>	<b>200% FPL Monthly Amount</b>	<b>205% FPL (200% FPL + 5% FPL Disregard)</b>
1	\$25,520	\$2,127	\$2,181
2	34,480	2,874	2,946
3	43,440	3,620	3,711
4	52,400	4,367	4,477
5	61,360	5,114	5,242
6	70,320	5,860	6,007
7	79,280	6,607	6,773
8	88,240	7,354	7,538
Each additional, add	8,960	747	766

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>April 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 7</b>	Page <b>1</b>

**MAGI ADULTS  
133% FPL  
INCOME LIMITS  
ALL LOCALITIES  
  
EFFECTIVE 1/17/20**

<b>Household Size</b>	<b><i>133% FPL Yearly Amount</i></b>	<b><i>133% FPL Monthly Amount</i></b>	<b><i>138% FPL (133% FPL + 5% FPL Disregard)</i></b>
1	\$16,971	\$1,415	\$1,469
2	22,930	1,911	1,983
3	28,888	2,408	2,499
4	34,846	2,904	3,014
5	40,805	3,401	3,529
6	46,763	3,897	4,044
7	52,722	4,394	4,560
8	58,680	4,890	5,074
Each additional, add	5,959	497	\$516

Manual Title <b>Virginia Medical Assistance Eligibility</b>	Chapter <b>M04</b>	Page Revision Date <b>July 2020</b>
Subchapter Subject <b>M04 MODIFIED ADJUSTED GROSS INCOME (MAGI)</b>	Page ending with <b>Appendix 8</b>	Page <b>1</b>

## TREATMENT OF INCOME FOR FAMILIES & CHILDREN COVERED GROUPS

INCOME	MAGI COVERED GROUPS	MEDICALLY NEEDY; 300% SSI; F&C COVERED GROUPS
<b>Earnings</b>	Counted with no disregards	Counted with appropriate earned income disregards
<b>Social Security Benefits Adult's MAGI household</b>	Benefits received by a parent or stepparent are counted for his eligibility determination, as well as the eligibility determinations of his spouse and children in the home.	Counted if anyone in the Family Unit/Budget Unit receives
<b>Social Security Benefits Child's MAGI household</b>	If the child lives with a parent, only counted if the child is required to file a federal tax return..	Counted if anyone in the Family Unit/Budget Unit receives
<b>Child Support Received</b>	Not counted	Counted – subject to \$50 exclusion
<b>Child Support Paid</b>	Not deducted from income	Not deducted from income
<b>Alimony Received</b>	Counted if divorce agreement was finalized prior to January 1, 2019, and the agreement has not been modified.	Counted – subject to \$50 exclusion if comingled with child support
<b>Alimony Paid</b>	Deducted from income if divorce agreement was finalized prior to January 1, 2019	Not deducted from income
<b>Worker's Compensation</b>	Not counted	Counted
<b>Veteran's Benefits</b>	Not counted if they are <b>not</b> taxable in IRS Publication 525	Counted
<b>Scholarships, fellowships, grants and awards used for educational purposes</b>	Not counted	Not counted
<b>Student Loan Debt</b>	Effective January 1, 2019, student loan debt forgiven due to death or disability of student is not counted as income	Not applicable
<b>Foreign Income (whether or not excluded from taxes)</b>	Counted	Counted
<b>Interest (whether or not excluded from taxes)</b>	Counted	Counted
<b>Lump Sums</b>	Income in month of receipt	Income in month of receipt
<b>Gifts, inheritances, life insurance proceeds</b>	Not counted	Counted as lump sum in month of receipt
<b>Parsonage allowance</b>	Not counted	Counted
<b><i>Pandemic Unemployment Compensation Payments</i></b>	<i>Not counted (regular Unemployment Compensation is counted.)</i>	<i>Not counted (regular Unemployment Compensation is counted.)</i>
<b><i>Recovery Rebates paid under the CARES Act</i></b>	<i>Not counted</i>	<i>Not counted</i>